Manager selection scorecard

Chapter 15, six steps. Score 1 to 5, write the evidence, name the owner. A line without evidence is an opinion; a strong total with weak lines on the team or the track record is not a strong total.

Manager / fund		**Prepared by**	
Fund		**Date**	

#	Item	Score	Weight	Owner	Evidence
Step 1 — Strategy and market fit					
1	The strategy answers, in plain language: what will be bought, why, from whom, at what price, and how money is made.		3		
2	The strategy is differentiated — sourcing, execution or exit — and not a commoditised version of what hundreds of managers do.		2		
3	The strategy fits the current market rather than the one that produced the last fund's returns.		2		
Step 2 — Team					
4	Senior partner stability: how long they have worked together, and whether they are committed for the life of the new fund.		3		
5	Succession plan exists and is credible.		2		
6	Team depth at junior, mid and senior level is sufficient for the planned investment volume.		2		
7	Asset management capability can actually execute business plans, not just close deals.		3		
8	Reference calls completed with former colleagues, counterparties, employers and tenants.		3		
9	Cultural fit, and no warning signs: prior litigation, high turnover, team conflict.		2		
Step 3 — Track record					
10	Analysed both net and gross of fees.		2		
11	Analysed by vintage, against the environment each fund actually faced.		3		
12	Analysed deal by deal: what won, what lost, and what drove each.		3		
13	Analysed by sector and market, including where the manager has struggled.		2		
14	Loss ratio and downside performance quantified.		3		
15	Realised against unrealised: the share of the track record still sitting at the manager's marks.		3		
16	Attribution: cap rate compression, operational improvement, or leverage.		3		
Step 4 — Investment process					
17	Sourcing runs through multiple proprietary channels, not one broker or seller relationship.		2		
18	Underwriting standards are documented: cap rates, rent growth, leverage, return thresholds.		2		

#	Item	Score	Weight	Owner	Evidence
19	The investment committee genuinely says no, with diverse perspectives and senior accountability.		3		
20	Post-investment monitoring exists: business plan reviews, dashboards, escalation protocols.		2		
21	Lessons-learned process is honest and feeds back into new deals.		2		
Step 5 — Operations and infrastructure					
22	Compliance programme adequate; regulatory standing clean.		2		
23	Valuation policy: frequency, methodology, third-party involvement, oversight committee.		3		
24	Audit quality, statement timeliness, robustness of investor reporting.		2		
25	Business continuity, IT resilience and cybersecurity.		1		
26	Compensation and firm equity designed to retain key talent.		2		
27	Conflicts management: allocation across funds and accounts, cross-fund transactions, related-party fees.		3		
Step 6 — Terms and economics					
28	Management fee level and base are market, or the divergence is explained.		2		
29	Carry structure understood: European or American, hurdle, catch-up.		3		
30	Transaction fee offset is 100%, or the shortfall is quantified.		2		
31	Clawback protections: escrow, personal guarantees, interim true-ups.		3		
32	GP commitment is meaningful and in cash, not waived fees.		2		

LPA and fee terms review

Chapters 10 and 11. Each term as the document states it, against market, and the fund's position. The fee model is what turns a gross return into the one the LP receives.

Fund		**Prepared by**	
Fund		**Date**	

Term	This fund	Market	Our position
Economics			
Management fee: rate, base (commitments or invested), step-down			
Transaction, acquisition, disposition and financing fees; offset percentage			
Fund expenses and organisational costs: caps			
Preferred return: rate, compounding (annual or quarterly), from which date			
Catch-up: rate and form			
Promote: tiers, hurdles, splits			
Waterfall: European (whole fund) or American (deal by deal)			
Protection			
Clawback: escrow share, personal guarantees, interim true-ups, after-tax cap			
GP commitment: size, and cash or fee waiver			
Key person: who, trigger, consequence			
No-fault removal and for-cause removal thresholds			
LP advisory committee: conflicts it must approve			
Term and liquidity			
Fund term and extensions, and who approves them			
Investment period and what can be called after it			
Recycling of proceeds, and limits			
Transfers and the secondary process			

Deal underwriting one-pager

Chapters 18 and 21. The stack, the yields that pay for it, and the exit that returns the equity. The sensitivities are the part a committee reads first.

Asset		**Prepared by**	
Fund		**Date**	

Sources and uses	Amount	Share	Rate or cost
Purchase price			
Capex / renovation			
Closing costs and reserves			
Total uses			
Senior loan			
Mezzanine			
Preferred equity			
Common equity (of which GP co-investment)			
Total sources			

Measure	Going-in	Stabilised	Exit
NOI			
Yield on cost			
Cap rate			
Debt service coverage			
Debt yield			
Loan to value			
Equity multiple			
Levered IRR			
Value fall that wipes out the equity			

Levered IRR: exit cap rate (down) against NOI growth (across)					

Reading a quarterly fund report

Chapter 24. IRR, TVPI, DPI and RVPI from one cash-flow schedule, and what each one hides. Only DPI is cash.

Fund / vintage		**Prepared by**	
Fund		**Date**	

Measure	This quarter	Last quarter	Underwriting
Commitment, paid-in, unfunded			
Distributions to date			
Net asset value (the marks)			
DPI			
RVPI			
TVPI			
Share of TVPI still unrealised			
IRR on realised cash flows only			
IRR including the NAV			
Gross IRR and net IRR, and the spread			

Gross to net, since inception	Amount	Multiple of paid-in
Gross proceeds and value		
Management fees, net of offset		
Fund expenses and organisational costs		
Carried interest paid or accrued		
Net to the LP		

Questions for the manager: marks that moved without a transaction, deals behind plan, distributions funded by the credit line